



Proposed Incorporation of the Town of San Martin

Informational Workshop

November 3, 2008

Morgan Hill Community Center



General Process

- LAFCO received a petition and an application for incorporation from the San Martin Neighborhood Alliance (February 2007)
- Registrar of Voters determined petition was sufficient (25% or more of registered voters signed the petition).
- LAFCO developed incorporation policies and draft timeline for project.
- Consultants prepared comprehensive fiscal analysis (CFA) and environmental review for the proposal.



General Process (cont.)

- Staff, proponents, and affected agencies reviewed fiscal and environmental analysis.
- Proponents and the County met to discuss and agree on revenue neutrality. No agreement was reached. LAFCO was then required to impose terms and conditions.
- EO Report with recommended terms and conditions was prepared and released on Friday, October 31, 2008.



General Process (cont.)

- Community meeting on EO Report occurs on November 3, 2008.
- LAFCO Public Hearing on the incorporation is scheduled for Friday, November 7, 2008 at 2:30 PM (for Closed Session) and 3:30 PM (Public Hearing) in the Board of Supervisor's Chambers, County Government Center, 70 West Hedding Street, San Jose.



Purpose of Incorporation

The purpose as stated by the proponents is to:

- Create a locally accountable governing body that is more visible and accessible
- Have local control of land use, growth, planning policy and other governmental activities
- Legally recognize that San Martin already has all the critical attributes of a town (has a name, distinct geographic area, varied land uses, and positive relationships with bordering cities)

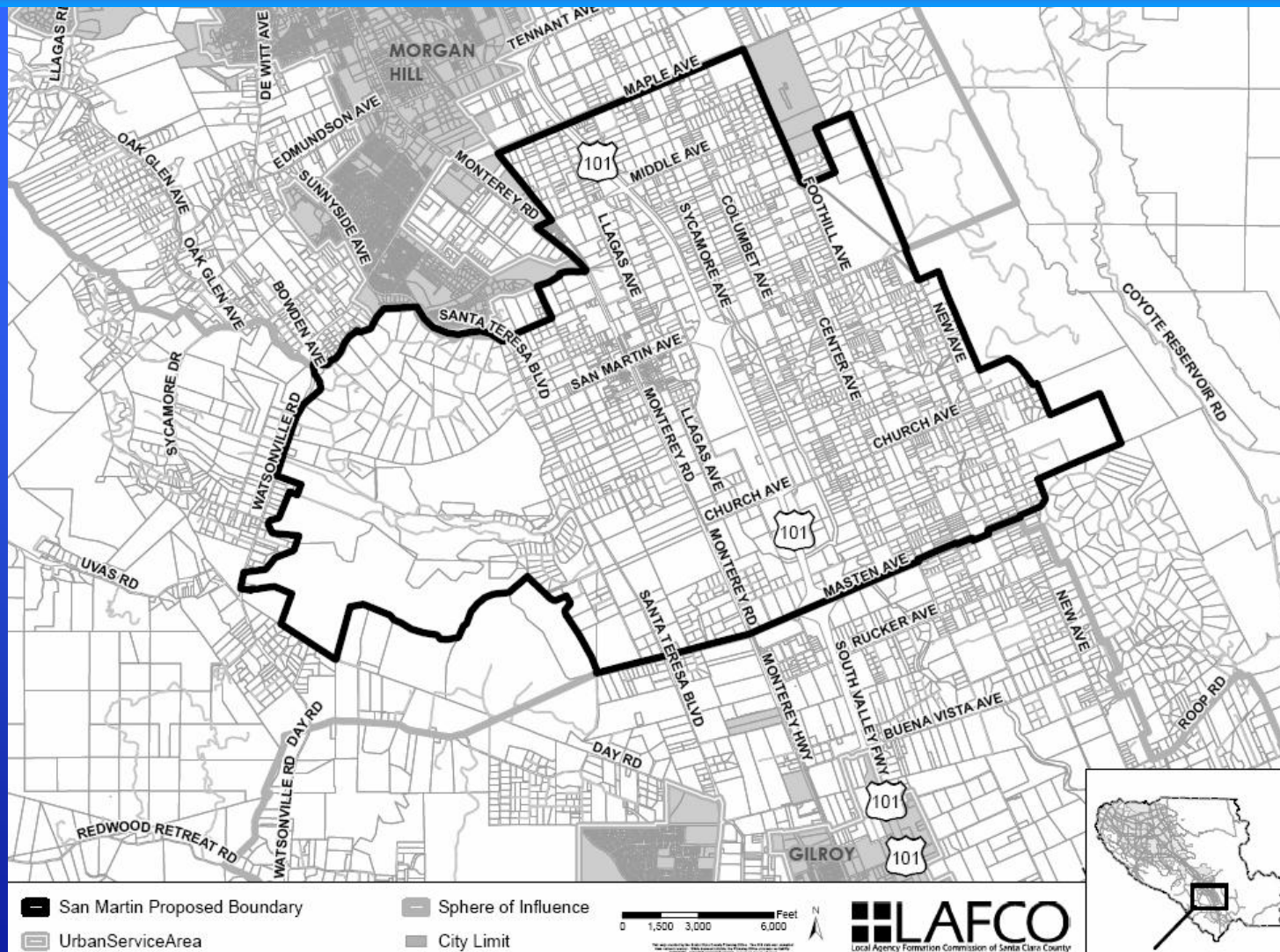


Alternatives to Incorporation

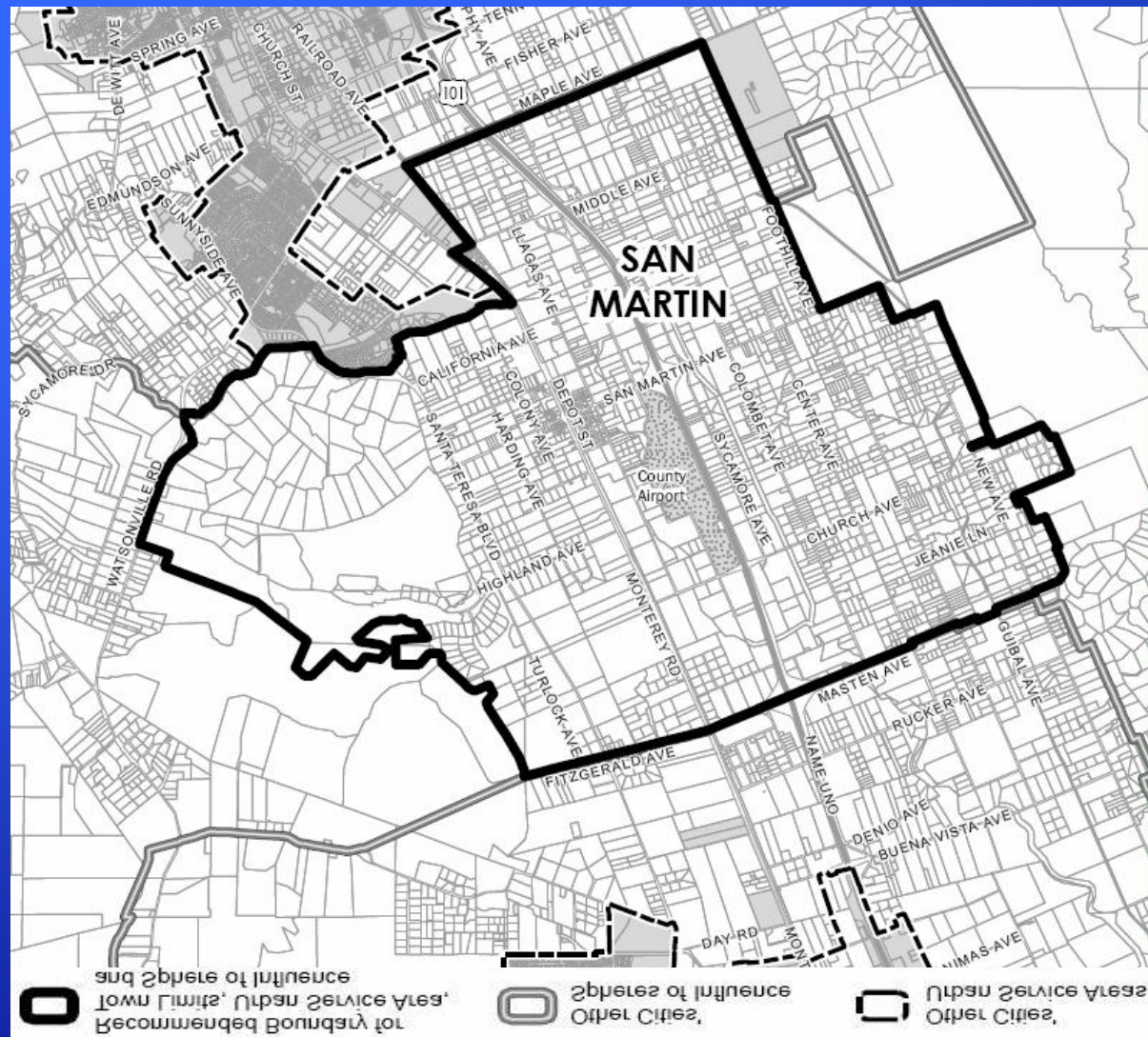
Proponents evaluated the following alternatives:

- Annexation to an adjacent city
- Formation of a special district
- Formation of an Area Planning Commission (APC)
- San Martin Planning Advisory Committee / Status Quo
- Proponents determined that none of the above alternatives would fulfill the underlying purpose and objectives which they sought.

Incorporation Boundary Proposed by Proponents



LAFCO Preferred Incorporation Boundary





Preferred Incorporation Boundary Specifics

Incorporation Boundary as Identified by LAFCO:

- Consists of 9,279 acres (approx. 12 square miles)
- Bounded by Maple Avenue to the north, New Avenue to the east, Masten Avenue on the south and Watsonville Road on the west.
- Official map and legal description for the boundary will be prepared following the final public hearing for the incorporation.



Plan for Services

Cities are required to provide the following services:

- General government including city council, management, administration
- Land use regulation and planning, code enforcement and building inspection
- Maintenance of public roads
- Law enforcement
- Animal control
- The proposed Town will assume responsibility for all of these required services upon incorporation.



Plan for Services (cont.)

- No new services and no changes in service levels are proposed as part of the incorporation. New Town would have authority to make changes upon incorporation.
- New Town will be a contract city providing many of its services through contract with another public agency or private provider.
- Existing special districts will continue to provide services without changes to their boundaries.



Environmental Review (CEQA)

- LAFCO determined that the proposal is a “project” under California Environmental Quality Act (CEQA).
- Consultant and LAFCO prepared Draft Initial Study and Negative Declaration (Draft IS/ND) for proposal which was released for public review and comment.
- Draft IS/ND was revised to address various comments and was re-circulated for a 30 days for public review and comment.



Environmental Review (CEQA)

- On June 4, 2008, LAFCO after considering the entire record, directed LAFCO staff to finalize the document and to proceed with the Revised IS/ND on the basis that the project could not have a significant effect on the environment.



Comprehensive Fiscal Analysis

Prepared pursuant to Government Code
§56800

The CFA must review and analyze:

- Projected revenues and expenses for the new Town for first three fiscal years
- Effects of the incorporation on any other local agency
- Other information as necessary



San Martin Incorporation CFA

Includes:

- Proposed plan for services
- 10-year expense and revenue projections for new Town
- Calculation of incorporation impact on Santa Clara County
- Alternative boundaries analysis



Methodology / Assumptions

- Uses FY 2006-2007 County data
- Effective Date of Incorporation; July 1, 2009 or soon thereafter
- Assumes boundaries (with minor changes) as proposed
- No change in service levels



CFA Findings

- Fiscally feasible contingent on approval of Utility Users Tax:
- 10.7% on gas and electricity for first six years (approx. \$284 / year / household)
- 6.9 % on gas and electricity from Year 6 to Year 25 (approx. \$182 per year / household)



CFA Findings

- Negative impact of \$870,000 annually to the County's General Fund
- County will have a benefit to its Road Fund
- No other agencies will be affected



Revenue Neutrality Payments

Terms established by LAFCO:

- County's annual deficit amount: \$872,000
- Total Obligation: \$10,296,398 (3% inflation) based on 10 year period
- Annual payment: \$500,771 for 25 years



Contact Information

NEELIMA PALACHERLA, Executive Officer

Phone: (408) 299-5127

Email: neelima.palacherla@ceo.sccgov.org

OR

DUNIA NOEL, LAFCO Analyst

Phone: (408) 299-5148 / Fax: (408) 295-1613

Email: dunia.noel@ceo.sccgov.org